

7.0 CONTRIBUTIONS

Each employer shall contribute at a rate of at least 4% of creditable earned salary on behalf of each participant. Employers are permitted to pay different levels of employee and employer contributions, as long as the following conditions are met:

1. The sum of the employee contributions and employer contributions for each participant shall equal or exceed 8% of salary.
2. The employee contribution rate may exceed the employer contribution rate but in no event shall the employer contribution rate be less than 4 percent.
3. The employee contribution rate and employer contribution rates are the same for each participant employed by the employer.
4. The contribution rates become effective on the first day of the plan year and remain in effect for at least one plan year.
5. Participants may be permitted to transfer funds from eligible retirement plans into the Cash Balance Benefit Program to the extent such transfers are allowable under federal and state laws.

CalSTRS requires employers to remit contributions as follows:

1. The reporting source is to remit both employer and employee contributions. The preferred method is electronic fund transfer (EFT); however, direct deposit, wire transfer, or mailed remittances will also be permitted.
2. The VDF format includes a field for earned salary to be reported. This field is mandatory. This is required, as the employer is subject to audit to ensure compliance with Federal law.
3. Reporting source shall submit only one remittance per VDF. The remittance must match the sum total of both the employee and employer contribution amount.
4. The reporting source will be responsible for correcting data or contribution errors.